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T.R.A. DOCKET ROOM
February 11, 2005

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VIA HAND DELIVERY

Hon. Pat Miller, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37238

Re: *Complaint of XO Tennessee, Inc. Against BellSouth and Request for Expedited Ruling and for Interim Relief*
Docket No. 04-00306

Dear Chairman Miller:

With regard to the XO complaint in the referenced docket, the TRA asked the parties to inform the TRA of any impact that the FCC's final rules would have on this proceeding. Those final rules have now been issued, and it is clear that the final rules may impact this proceeding in several ways, although it will take a little time to answer that question definitively. This letter is in response to that request by the TRA.

Initially, BellSouth reiterates its earlier position that the primary issue in this complaint is whether XO has a right to obtain a benefit from the TRO, i.e., the conversion of some of its special access services to UNEs, without executing an amendment to its existing interconnection agreement in order to make the agreement conform in its entirety to the existing state of the law. That is, XO is attempting to amend its interconnection agreement in a piecemeal fashion, obtaining the benefit of those portions of the changes in law that benefit it, without also taking the changes in law that are not to XO's benefit. BellSouth believes that this is fundamentally unfair, and that the TRA should do nothing to aid XO in this endeavor.

However, with respect to the specific issue that the TRA raised concerning the final rules, BellSouth would note that there are several aspects of the final rules

that might, in fact, affect these conversions. First, even if XO is allowed to make these special access service-to-UNE conversions, it can only do so in those offices where BellSouth, following the FCC's Triennial Review Remand Order ("TRRO"), issued February 4, 2005, is compelled to provide the UNEs. For instance, per the TRRO, XO is not entitled to convert any special access services to DS1 UNE loops in any wire center where there are 60,000 or more business lines and four fiber-based collocators. Similarly, XO cannot convert any special access services to DS3 UNE loops in wire centers having 38,000 business lines and four collocators. With regard to UNE transport, if XO were seeking to convert any special access services to UNE transport, which may not be the case, XO would not be entitled to such a conversion on any routes between Tier 1¹ wire centers (with respect to DS1 UNE loops) or between Tier 1 wire centers or Tier 2² wire centers (in the case of DS3 UNE loops). The FCC has asked BellSouth to identify all of these wire centers in its region by February 18, 2005, and BellSouth anticipates that there will be wire centers in Tennessee where these UNEs will no longer be available and where XO would not be entitled to the conversion it seeks, if its special access services are located in those wire centers.

In addition, the FCC has expressly precluded any conversions of special access circuits to UNEs where the special access circuit is used for long distance or wireless service. BellSouth does not know at this point whether any of the special access circuits that XO seeks to convert are prohibited because of these provisions.

¹ Tier 1 wire centers are defined in the TRRO as follows.

Tier 1 wire centers are those incumbent LEC wire centers that contain at least four fiber-based collocators, at least 38,000 business lines, or both. Tier 1 wire centers also are those incumbent LEC tandem switching locations that have no line-side switching facilities, but nevertheless serve as a point of traffic aggregation accessible by competitive LECs. Once a wire center is determined to be a Tier 1 wire center, that wire center is not subject to later reclassification as a Tier 2 or Tier 3 wire center.

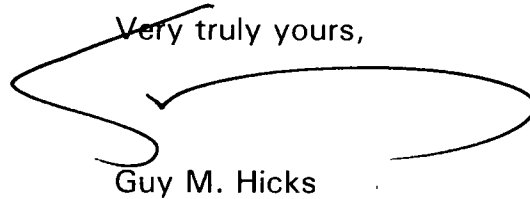
² Tier 2 wire centers are defined in the TRRO as

Tier 2 wire centers are those incumbent LEC wire centers that are not Tier 1 wire centers, but contain at least 3 fiber-based collocators, at least 24,000 business lines, or both. Once a wire center is determined to be a Tier 2 wire center, that wire center is not subject to later reclassification as a Tier 3 wire center.

Hon Pat Miller, Chairman
February 10, 2005
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Other than these issues, BellSouth is presently unaware of any other portions of the final rules that may impact XO's request to convert, although our review of the final rules and the accompanying order continues.

Very truly yours,

A handwritten signature in black ink, appearing to read "Guy M. Hicks". The signature is stylized with a large, sweeping loop that extends to the left and then curves back to the right, ending under the name.

GMH:ch

CERTIFICATE OF SERVICE

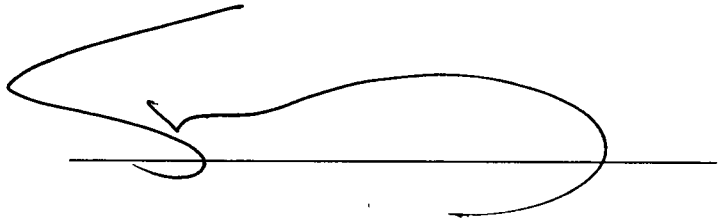
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A handwritten signature in black ink, appearing to be 'Dana Shaffer', written over a horizontal line.